

**Docket No.:** 05-0835  
**R.O.M. Date:** 01-03-07  
**Deadline:** None

## **MEMORANDUM**

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**TO:** The Commission

**FROM:** Larry M. Jones, Administrative Law Judge

**DATE:** December 26, 2006

**SUBJECT:** Interstate Power and Light Company ("IPL")

Petition for Approval of Sale of Utility Assets pursuant to Section 7-102; Approval of the Discontinuance of Service pursuant to 8-508.

**RECOMMENDATION:** Entry of the attached Order Granting Petition. (The attached order would approve the sale of IPL's electric and gas distribution assets in Illinois to Jo-Carroll Energy, Inc., subject to conditions.)

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IPL, a subsidiary of Alliant Energy Corporation, provides service to approximately 12,500 electric customers and 5,500 natural gas customers in northwestern Illinois.

Jo-Carroll Energy, Inc. ("JCE") is an electric cooperative as defined in Section 3-119 of the Public Utility Act ("Act"). Section 3-105 of the Act provides, in part, that "Public utility does not include . . . electric cooperatives as defined in Section 3-119."

By virtue of a recent amendment, Section 3-105 now also provides that "public utility" does not include, in some circumstances, "natural gas cooperatives that are not-for-profit corporations operated for the purpose of administering, on a cooperative basis, the furnishing of natural gas for the benefit of their members . . . ."

In this docket, pursuant to Section 7-102 of the Act, IPL seeks approval to sell its electric and gas distribution assets in Illinois to JCE in accordance with the terms of an Asset Purchase Agreement ("Agreement"). Pursuant to Section 8-508, IPL also seeks authorization to abandon its retail electric and gas distribution services in Illinois upon the transfer of the subject assets to JCE.

Under the Agreement, IPL will retain ownership of its electric transmission assets in Illinois, and is not seeking to discontinue the provision of electric transmission service relating to those assets.

It is noted that the electric and gas distribution assets of another Alliant Energy Corporation subsidiary, South Beloit Water, Gas and Electric Company, are also being sold to a cooperative. That transaction is the subject of Docket 05-0836.

Among other things, Section 7-102 of the Act contains a “public convenience” standard for evaluating such proposed transactions. As part of the public convenience evaluation, the Commission Staff examined such issues as system configuration, adequacy and reliability of supply, service quality and rate impacts, as well as JCE’s managerial, technical and financial qualifications to serve IPL’s existing retail service areas and customers in Illinois.

After reviewing the record, Staff recommended, and the attached order concludes, that the transaction may reasonably be granted, and that the public will be inconvenienced thereby, subject to the conditions imposed in the order. It is noted that revisions to the proposed order are shown in revision format.

The order also determines, subject to conditions, that IPL should be authorized to abandon its retail electric distribution and gas distribution services in Illinois at such time as JCE commences providing such services to all areas currently served by IPL.

There is one issue over which parties disagree. In their joint brief on exceptions, IPL and JCE argue that current IPL customers in Illinois should be expressly ordered by the Commission to become members of JCE. (BOE at 45) Staff disagrees. (Staff RBOE at 2-3) On this issue, the attached order finds that IPL and JCE have not shown that the Commission has the authority to expressly order customers to become members of a cooperative. Instead, the order finds that all such customers shall be entitled to become members of JCE, and that JCE shall provide electric and gas service to those IPL customers who elect to do so. (p. 18)

LMJ/lw